(1945) Department

SERIES. Closed

G.O. No. 609

Dated 1/3/45

On Supply

[Despatch Abstract.]

SASTRI & SHAH
INCORPORATED ACCOUNTANTS.
REGISTERED ACCOUNTANTS.
TELEGRAMS "INCORPACT," MADRAS.

ORIENTAL BUILDINGS
106, ARMENIAN STREET,
MADRAS.

23rd October, 1944.

The Secretary to the Governmen
Public Works Department,
Fort St.George,
MADRAS.

Dear Sir,

Re: The Udipi Electric License-Accounts for 1943-44.

We have examined the accounts of the above Licensee under the Electricity Act for the year ended 31st March, 1944 and have certified the relative statements. We beg to report thereon as under. p7 infra

2/ No.I SHARE CAPITAL ACCOUNT. The Share Capital of the company has been reorganized during the year under Audit by converting 10,000 3% Cumulative Preference Shares of Rs.10/- each into ordinary shares. The Licensee having obtained the sanction of the Controller of Capital Issues, Government of India, issued during the year 8,500 ordinary shares of Rs.10/- each. Consequently the Paid Up Capital of the Company for the year has been increased to Rs.1,78,815/- as against Rs.1,52,660/- for the previous year. p8 infra

3/ No.III CAPITAL ACCOUNT. The Capital Receipts of the Company during the year amount to Rs.26,605/- comprising of Rs.26,155/- of the Share Capital, Rs.225/- of Forfeited Shares amount and Rs.225/- of Application Deposit.

4/ The total Capital Expenditure on Plant and Machinery etc. during the period was Rs. 14,898-0-6 in respect of which salaries of Engineers amounting to Rs. 6,50/- and Managing Agents' Allowance of Rs. 1,500/- (Total Rs.2,100/-) have been capitalized. The Total expenses so capitalized work out less than 15% on the Total Capital Expenditure. No portion of any other account of expenditure has been capitalized during the year.

5/ As directed in G.O.No.4002.C/43-1 of Public Works Department dated 9-12-1943, the Licensee has written

back the following amounts and debited the total amount to an account called "Engineering & Development Expenses Account".

Buildings.	Rs. 5,46--0-0
Plant & Machinery	Rs. 2,421--6-8
~~Service Connections.~~	Rs. 1,448--1-0
~~Transformers.~~	Rs. 71--3-6
Public Light Fittings.	Rs. 71--3-6
	Rs. 4,557-14-8

6. These amounts are included in the figures in Column 3 of the statement ("Written off or sold during the year") under the relative heads. A further sum of Rs.1,500/- has also been added to the Engineering and Development Expenses Account towards the expenses incurred for developing the load.

7. The Company has written off during the year the following amounts.

Capital Issue Expenses.	Rs. 682--8-3
Preliminiary Expenses.	Rs. 264-11-11
Debenture Issue Expense	Rs. 1,656--1-3
Engineering & Development Expenses.	Rs. 57-14-8

8. NO.V. NET REVENUE ACCOUNT. The Licensee earned a profit of Rs. 3,478-11-10 on the sale of unused Stores Materials and scrap machinery and the same has been utiliz for writing off some of the Capital Expenses after adding Rs. 1,500/- out of it to the Depreciation Fund Account.

9. As usual the interest on the Debenture Loan amount- Rs. 3,360/- has been capitalized to Plant and Machinery Account since the debentures were stated to have bee originally floated for the purchase of Plant and Machinery

10. NO.VII DEPRECIATION FUND ACCOUNT. The Company provided a depreciation fund of Rs. 5,000/- for the year under review which added to the balance of Rs. 3,000/- brought forward makes a total provision of Rs. 8,000/-. This in our opinion, is not adequate.

11. No portion of this fund has been invested in

12 NO. VIII GENERAL BALANCE SHEET. The Company has not invested any portion of the Consumers' Security Deposit in Trustee Securities.

13 We enclose herewith our bill in triplicate for services rendered on behalf of the Government.

Yours faithfully,

Sastri & Shah

Encl:

S/SS

OFFICE OF THE CHIEF ELECTRICAL INSPECTOR TO GOVERNMENT.

D Section.

C. No. 5494

for C. E. I. G.

POK.

24/10/44

SASTRI & SHAH.
INCORPORATED ACCOUNTANTS.
REGISTERED ACCOUNTANTS.
~~XXXX

THE UDIPI ELECTRI

THE UDIPI ELECTRIC SUPPLY CO

FOR THE YEAR ENDED

No. I. STATEMENT OF SHARE CAPITAL APPROPRIA
AUTHORISED BY THE ABOVE-MENTIONE

Description of Capital.	Authorised by	No. of Shares issued.	Nominal amount of Share.	Call per S
Ordinary Shares.	Memorandum and Articles of Association.	18,500	Rs.10/-	Rs.
6½% Tax Free Cumulative Preference Shares.		6,000	Rs.10/-	Rs.
3% Cumulative Preference Shares.		2,000	Rs.10/-	Rs.
			Less Calls in arre	
			Total amount paid	

No. II. STATEMENT OF LOAN CAPITAL APPROPRIA
AUTHORISED BY THE ABOVE-MENTIONE

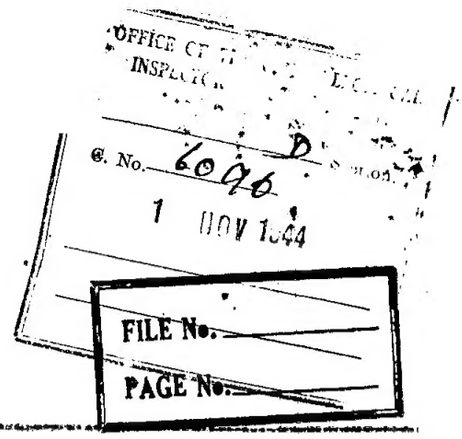
Description of Loan.	Amounts Borrowed.	At
Mortgage Debentures.	Rs.56,000.	6%

LICENCE 1937.

ORATION LIMITED. MADRAS.

31st MARCH 1944.

D FOR THE PURPOSE OF THE UNDERTAKING
LICENSEE AT THE END OF THE YEAR.



CR
l
pts
31st
1944

l. p.

-up re.	Total Paid up.	Issued but not paid up	aining sued.	Total amount authorised.
/-	Rs.1,29,860/-	Rs.55,140/-	Rs.35,000/-	Rs.2,20,000.
/-	Rs. 59,950/-		Nil.	Rs. 60,000.
/-	Rs. 10,030/-	Rs. 9,970/-	Nil.	Rs. 20,000.
	Rs.1,99,840/-	Rs.65,160/-	Rs.35,000/-	Rs.3,00,000.
s.	21,025/-			
.	Rs.1,78,815/-			

FOR THE PURPOSES OF THE UNDERTAKING
ICENSEE AT THE END OF THE YEAR.

Remaining Borrowing Powers.		Total amount of Borrowing Powe
Nil.	Debentures for	Rs. 60,000
	Less redeemed	" 4,000
	Balance.	Rs. 56,000

Total Share Capital Paid up See No. I	Rs.1,78,815
" Loan Capital received " " II.	" 56,000
Total Capital Received.	Rs.2,34,815

FOR THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.
OR THE MECHELEC ENGINEERING CO, LTD.

D. V. Ramarao

Engineer-in-Charge *Managing Agents.*

CORPORATION LIMITED MADRAS.

THE YEAR ENDED 31st MARCH 1944.

CR

		Receipts up to previous year.	Received during the year.	Forfeited or adjusted during the year	Total Receipts up to 31s March 194
		Rs. a. p.	Rs a. p.	Rs. a. p.	Rs. a. p
7	By Ordinary Shares of Rs.10/- each.	84,230 - -	25,255 - -	200 - -	1,09,285 -
6 3 9	" 6½% Tax Free Cumulative Preference Shares of Rs.10/- each	59 925 - -	50 - -	25 - -	59,950 -
7 -	" 3% Cumulative Preferance Shares of Rs.10/- each	8,505 - -	1,075 - -	---	9,580 -
2	" Debentures	56,000 - -	---	---	56,000 -
	" Mortgage Bonds.	---	---	---	---
	" Amounts received in anticipation of Calls	---	---	---	---
-	" Other receipts Share Application Deposit.	225 - -	---	225 - -	---
-	" Forfeited Shares Account		-	---	225 -
		2,08,885 - -	26,605 - -	450 - -	2,35.040 -
					2,35,040 -

THE UDIPI ELECTRIC SU

No. III CAPITAL ACCOUNT

	Expenditure up to end of previous year.	Expenditure during the year.	Written off or sold during the year.	Total Expendit to 31s March 19
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs.
To Preliminary Expenses.	6,320 8 6	272 14 -	264 11 11	6,328
" Buildings.	21,109 1 7	229 11 11	546 - -	20,792
" Plant & Machinery.	74,054 9 5	19,941 1 7	9,564 6 9	84,431
" Mains.	90,794 11 5	---	1,694 15 8	89,199
" Service Connections.	6,143 3 11	---	99 - 4	6,044
" Transformers.	3,095 - -	---	---	3,095
" Meters & fees for certifying under the Act.	5,748 6 2	237 3 -	---	5,985
" Special Items.				
Capital Issue Expenses.	682 8 3	---	682 8 3	
Debenture Issue.	1,656 1 3	---	1,656 1 3	
Brokerage & Commission on Shares.	1.928 - -	---	---	1,928
Engineering&Development Expenses.		6,057 14 8	57 14 8	6,000
Public Ligh Fittings.	-,--- 9 4		71 3 6	8,012
Furniture and Fittings.	1,5.6 14 6	492 3 3	---	2,008
Library.	239 10 -	11 2 -	---	250
Motor Car & Cycles.	937 - -	---	---	937
Tools & Instruments.	1,44 3 9	61 4 3	---	1,475
TOTAL EXPENDITU...	2,17,72 8 1	27,303 6 8	14,536 14 4	2,30,489
To Balance of Capital Account.				4,550
				2,35,040

THE UDIPI ELECTRIC SUPPLY

No. IV. REVENUE ACCOUNT FOR

	Rs. a. p.	Rs. a. p.
A. GENERATION.		
To Fuel Oil.	10,171 11 7	
" Lubricating Oil.	2,243 - 7	
" Engine Room stores.	178 9 5	
" Proportion of Salaries of Engineers, Superintendents & officers.	201 - -	
" Wages & Gratuities being salaries of Power House staff, etc.	2,672 2 -	
"		
" Repairs & Maintenance as follows:		
Buildings.	199 6 1	
Plant.	262 13 3	
To Special items.		
General Expenses.	226 6 6	
		16,060 1 5
B. DISTRIBUTION.		
To Proportionate Salaries of Engineers, Superintendents & officers.	201	
" Wages & Gratuities being salaries of Line staff.	1,802 4 11	
" Repairs, Maintenance & Renewals		
Mains.	563 8 4	
Transformers.	62 4 7	
Meters.	33 9 4	
" Special Items.		
Repairs, Maintenance & Renewals.		
House Service Connections.	48 11 10	
Cycles.	16 12 6	
Tools.	2 6 -	
		2,730 9 6
C. PUBLIC LAMPS.		
To Renewals.		420 10 1
D. RENTS, RATES & TAXES.		
To Rents.	1,152 13 4	
" Rates & Taxes.	306 8 6	
		1,459 5 10
E. MANAGEMENT EXPENSES.		
To Directors Remuneration including Travelling Expenses.	504 2 6	
" Management.	2,739 2 3	
" General Establishment Charges.	~~2,501 6 3~~ SR 2701 -6-3	
" Proportionate Salaries of Engineers, Superintendents & officers.	~~468~~ 268 - - SR	
"Auditors of Company.	300 - -	
" " appointed under the provisions of the Act.	100 - -	
		6,612 11 -
F. LAW EXPENSES.		
To Law Charges.		35 - -
Carried forward		27,318 5 10

A

ORATION LIMITED, MADRAS.

EAR ENDED 31st MARCH 1944.

C. No. 6096

	Rs. a. p.	Rs. a. p.	
Sale of Energy for Lighting Purposes.		22,181 14 2	
" " " Power		3,427 - -	P.
" " " under Special Contracts		3,707 4 -	6
Public Lighting.		2,846 13 2	
Maintenance of Public Lights.		51 8 -	
Rental of Meters and Public Light Fitti		2,960 15 5	
Transfer fees.		6 - -	
Miscellaneous Receipts from Consumers.		488 7 2	---
Surcharge on Energy.		3,842 6 7	6 ---

DISTRIBUTION LIMITED. MADRAS.

YEAR ENDED 31st MARCH 1944 (Cont'd.)

	Rs. a. p.	Rs. a. p.
Brought forward		40,122 4 6
		40,122 4 6

REVENUE ACCOUNT

	Rs. a. p.
By Balance from last Account.	4,192 9 -
" " brought from Revenue Account (No.IV	12,266 9 11
" Interest on Money at Deposit (Bank Interest	19 6 1
" Profit on Sale of materials.	1,103 6 11
" " " Power machinery.	2,375 4 11

THE UDIPI ELECTRIC SUPPL

o. IV REVENUE ACCOUNT FOR T

	Rs. a. p.	Rs. a. p
Brought forward		,313 5 1
G. DEPRECIATION		
H. SPECIAL CHARGES.		
To Rebates on Bills to Consumers		527 4
Total Expenditure.		27,855 10
" Balance carred to Net Revenue Account.		12,266 9 1
		40,122 4

No. V. NET

	Rs. a. p.	Rs. a. p.
To Interest on Debentures Accrued due to date.	3,360	
Less: Capitalised to Plant & Machinery.	3,360	
" Interest on Temporary loans.		
" received due to date.		87 8
" Interest on Security Deposits of Consumers.		168 7
" Transfer to Depreciation Fund.		5,000 -
" Capital Issue Expenses written o		682 8
" Preliminary Expenses "		264 11 1
" Debenture Issue Expenses "		1,656 1
" Engineering & Development Expenses "		87 14
" Balance applicable to Dividend o Ordinary Stock or Shares.		12,040 1
		19,957 4 10

No. VI. RE

THE UDIPI ELECTRIC SUPPLY [redacted]

No.VII DEPRE[redacted]

	Rs.	a.	p.
To Balance.	8,000	-	-
	8,000	-	-

No.VIII C.

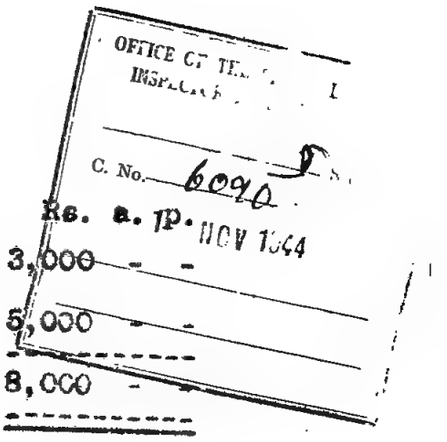
LIABILITIES.

	Rs.	a.	p.
To Capital Account: Amount received as per Account No. III.	2,35,040	-	-
" Sundry Creditors due on construction of Plant & Machinery, Fuel, Stores, etc.	3,790	11	9
Sundry Creditors on open Accounts	23,506	3	3
Net Revenue Account, Balance at credit thereof.	12,040	1	7
" Depreciation Fund Account.	8,000	-	-
" Special items. Unclaimed Dividends.	323	1	9
	2,82,700	2	4

Sastri & Shah
INCORPORATED ACCOUNTANTS,
REGISTERED ACCOUNTANTS,
AUDITORS.

ORATION LIMITED, MADRAS

FUND ACCOUNT.



	Rs.	a.	p.
Balance from last Account.	3,000	-	-
Amount brought from Net Revenue Account (No.V).	5,000	-	-
	8,000	-	-

ALANCE SHEET.

	Rs.	a.	p.
ASSETS.			
Capital Account: Amount expended for works as per Account No. III:	2,30,489	-	5
Stores on hand.	22,819	1	2
Sundry Debtors.	9,955	8	6
Special items.			
Prepaid Expenses & Advances.	1,016	15	8
Cash at Bankers.	10,522	-	3
" on hand and at Branches.	7,897	8	4
	2,82,700	2	4

THE UDIPI ELECTRIC SUPPLY [illegible]

No.IX STATEMENT OF ENERGY GENERATED, [illegible]

Total energy Generated in Kilowatt Hours.	Kilowatt Hours sold.					Kilowat Hours not accounted for.
	Public Lamps.	By Special Contract.	Consumers by meters for Lighting purposes.	Consumers by meters for Power Purposes.	Total.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1,48,142.	11,100	26,490	57,971	23,810	1,19,371	10,083.

1,48,142
138059

$$= \frac{10,083 \times 100}{148142} = \frac{10.1}{1.5} = 6.73\%$$

15) 10 P (6.73.
90
110
105
250

14.1.1

)N LIMITED, MADRAS.

)URING THE YEAR 1943-44.

)watt)urs d on rks.	Total Kilowatt hours accounted for.	Kilowatts connected for Public Lamps.	Total consumers connected.	Total Kilowatts connected.	Plant Kilowatts connected.	Maximum Supply demanded on Kilowatt
(8)	(9)	(10)	(11)	(12)	(13)	(14)
38	1,38,059.	8.68	584	326;423 at Udipi and 34.605 at Karkala.	147 K.W. at Udipi and 15 K.W. at Karkal.	71 at Udipi & 13 at Karkala.

For THE UDIPI ELECTRIC SUPPLY CORPORATION LTD.
FOR THE MECHELEC ENGINEERING CO. LT

Engineer-in-Charge. *Managing Agen*

Electricity Department.

Office of the Chief Electrical
to Government, Post Box 417, [illegible].

Sub: Annamalai - Udipi Electric Licenses - Accounts for 1943-44 - Remarks submitted.

Ref: Govt. P.W.D. U.O. No.2753/I/44-1 dated 27-10-44.

The accounts of the Udipi electrical undertaking for 1943-44 have been scrutinised and the following remarks are submitted.

The accounts under review relate to the 5th year of operation.

The important features of working are extracted below:-

	1942-43	1943-44
1. Total capital expenditure to the end of	Rs. 2,17,723	2,30,489
2. Total operation and maintenance expenditure	" 31,330	27,956
3. Total expenditure against revenue	" 35,255	35,778
4. Revenue from electric supply	" 29,789	34,163
5. Total revenue from working	" 34,224	43,620
6. Gross Profit (+) or (-)	" + 2,864	+ 12,267
7. Net profit for the year + (+) or (-)	" - 1,031	+ 7,847
8. Net profit from General Balance Sheet (+) or (-) upto the end of the year	" + 4,193	+ 12,040
9. Cost per unit generated	1.56 as.	1.73 a
10. Working cost per unit generated	3.75 "	3.36 "
11. " " sold	5.00 "	4.79 "
12. Total units generated	1,50,463	1,46,142
13. " sold	1,12,919	1,19,371
14. Total number of consumers.	549	584
15. Maximum demand in K.W.	80 at Udipi 13 " Karkal	71 at Udipi 13 " Karkal
16. Dividend declared on ordinary shares	Nil.	4% tax free.

No.III Capital Account.

With reference to para 5 of my U.O. No.2841/D/43-4 dated 3-3-44 on the accounts for 1942-43, I would state that the sum of Rs.682-8-3 representing "Capital issue expenses" has been written off from this account during the year under review - vide para 7 of the Audit report.

The Capitalisation of Rs.2,150/- representing the salaries of Engineers and Managing Agents allowance, referred to in para 4 of the Audit report is as per para 6 of G.O. No.1383 P.W.D., dated 4-6-41 and may, therefore, be approved.

From para 9 of the Audit report it is observed that a further sum of Rs.3,360/- representing the interest on debentures has been capitalised during the year under review.

The auditors have reported that the debentures were raised for the purpose of paying off the amount due to Messrs. Siemens (India) Ltd., towards the purchase of the original sets. They, therefore, consider the erection of the sets as "original works". Government have already ruled in the case of South Madras Electric Licensee's accounts for 1941-42 vide G.O. 1687 P.W.D. dated 13-6-44 that the expression "Original works" connotes a self-contained scheme which includes all compulsory works as defined in clause 6 of License and executed upto the date of commencement of operation viz., October 1939. The mere erection of generating sets cannot be considered as an original work; this item of work can at best be considered as a major extension and so capitalisation of interest upto October 1939 only i.e., date of commencement of operation, is permissible as per the last sub-para of para 5 of G.O. No.1383, P.W.D., dated 4-6-41. The Licensees were permitted to capitalise in the accounts for 1940-41 interest on debentures upto 5% in Government P.W.D. letter No.2096 VII/42-2 dated 22-10-42,

which did not authorise capitalisation of debenture interest in subsequent years. The Licensee's action in having capitalised Rs.3,360 in 1943-44 accounts is not in order. The amount may be withdrawn from Capital account and charged to the revenues.

It is observed from para 6 of the audit report that a sum of Rs.1,500/- representing expenses for developing the load has been debited to Capital under the head "Engineering and Development expenses." As the expenses have been incurred after the commencement of operation of the undertaking, the amount should have been charged to Revenue. The Licensee may be instructed to write off this amount in the accounts for 1944-45 in accordance with para 7 of G.O. No.1383 P.W.D. dated 1-6-41.

No. IV Revenue Account.

The Licensee has reported that the figures Rs.2,501-6-3 and Rs.468/- exhibited on the Debtor side under "E. Management" against the items "General establishment charges" and "Proportions salaries of engineers, superintendents and officers" respectively are typographical errors for Rs.2,701-6-3 and Rs.268/- The Licensee may be requested to carry out the corrections in the audited copy of the accounts kept in his office.

The item "rebate on bills to consumers Rs.537-4-9" exhibit on the Debtor side under "H. Special charges" is correctly accountable on the credit side as an abatement of revenue. The Licensee may be instructed to note this for future guidance.

No. VIII General Balance Sheet

The sum of Rs.23,506-3-3 exhibited against the it "Sundry creditors on open accounts" on the liabilities side is reported to include a sum of Rs.7,434-13-8 representing consumers' deposits. The Licensee may be advised to exhibit the consumers' deposits separately in future.

Action taken by the Licensee on G.O. No. Ms.914, P.W.D. dated 29-3-44 issued on the accounts for 1942-43.

Para 2.

The licensee has written off the following amounts, vid para 7 of the audit report:--

Preliminary expenses.
Debenture issue expenses
Engineering and Development expenses.

Further write offs will be watched.

Para 3.

The instructions have been followed in the accounts under review.

Para 4.

The Licensee has reported that he is investing a sum of Rs.2,000/- in 3% Victory Loan, 1957. This will be checked during the scrutiny of the accounts for 1944-45 and commented upon if necessary. The Licensee may in the meanwhile be advised to earmark the proposed investment towards 10% of the depreciation f and 25% of the consumers' security deposits and to exhibit the sa in the General Balance Sheet on the Assets side as follows:-

	Rs. As. Ps.
Investments at cost price.	
Towards 10% of the Depreciation Fund (earmarked)	x x x
" 25% " consumers' security deposits (earmarked)	x x x

Para 5.

Depreciation has once again been provided out of the net revenues instead of from revenue. This cannot be accepted. The Licensee may be requested to make provision for depreciation out of gross revenues on the revenue account itself in accordance with the revised rates of Income-tax Act and to exhibit the same under "G - Depreciation".

Government Memo. No.4002/C/43-1, P.W.D. dated 9-12-43.

The Licensee has segregated the amount of Rs.4,557-14- ordered to be written off in the above Govt. Memo. and has included the same under the head "Engineering and Development expenses" on the Debtor side of No.III Capital Account to be written off in the manner laid down in para 7(iii) of G.O. No.1383, P.W.D., dated 4-6-41.

The auditors' bill of charges for Rs.100/- for work done on behalf of Government is the same as that for the previous year (1942-43) and is recommended for payment by th Licensee.

CHIEF ELECTRICAL INSPECTOR
TO GOVERNMENT.

CP/DSR.21-2-45.

Encl. One copy of Accounts for 1943-44.
" Audit report for 1943-44
bill for 1943-44.

To
The Secretary to Government (W.O.),
Public Works Department,
Madras.

C.E.I.G. W.O.
No.F994/D/44-6
dated 16-2-45.

DRAFT FOR APPROVAL.

	Date.	Initials.
When received for fair copying ..		
When copied ..		
When examined..		
When signed ..		
When despatched.		

SUBJECT :— Electricity - Rudipi Electric Licence Accounts for 1943-44. Recorded with remarks.

READ AGAIN ....., dated ..... 19.....

" " ..... " ..... 19.....

READ *ALSO* :—

C No. 10348/45 From the Messrs. Sastri & Shah, Regd Accountants, No. Nil, dated 23-10-1944.

" ..... " ..... " ..... " ..... 19.....

" ..... " U.E.I.C. " 5994D/44-6 " 16-2-1945

Order / Resolution Ms. / Rout. No. 609, dated 7/3/45 19.....

Recorded.

2. No III Capital Account.

(a) The capitalisation of Rs 2,150 representing the salaries of Engineers and Managing Agents' allowance referred to in para 11 of the audit report is in order with reference to para 6 of GO No 1383 PW dt 4-6-41.

(b) From para 9 of the audit report it is observed that a further sum of Rs 3,360/ representing the interest on debentures has also been capitalised during the year under review. The auditors have reported that the debentures were raised for the purpose of paying off the amount due to Messrs. Siemens (India) Ltd., towards the purchase of the original sets. They, therefore, consider the erection of the sets as "original works"

P.T.O.

The expression "original works" connotes a self-contained scheme which includes all compulsory works as defined in clause 8 of licence and executed upto the date of commencement of operation namely ~~of~~ October 1939. The mere erection of generating sets cannot be considered as an original work. This item of work should be taken as a major extension and capitalisation of interest upto October 1939 only ie, date of commencement of operation, is permissible as per the last sub-para of para 5 of Go No 1383 Pwd 4-6-41. The licensee's action in having capitalised Rs 3,360 in 1943-44 accounts is therefore not in order. The amount should be withdrawn from capital account and charged to the revenue

'A' on p15 cf

(C) Here enter 'A' on p16 cf as edited

3. No IV Revenue Account - Here enter 'B' on p16 cf as edited.

4. No VIII General Balance Sheet. Here enter 'C' on p16 cf as edited.

5. Action taken on para 4 of Go No 914 Pwd 29-3-44. Here enter 'D' on p16 cf as edited

6. Para 5 of Go No 914 Pwd 29-3-44. Here enter 'A' on p17 cf as edited

7. A fee of Rs 100/- is sanctioned for payment to the auditors for work done on behalf of the Govt. The licensee is requested to pay the amount to the auditors as early as possible.

'X' on p17 cf

To The Udipi Electric Supply Co Ltd, 99 A. Armenian St Madras.
To Messrs. Sastri & Shah Regd Accountants, Oriental Buildings Armenian St, Madras
The C.E.I.G (2 copies) copy for file.

BK 5/3/45

GOVERNMENT OF MADRAS
Abstract

Electricity - Udipi Electric Licence - Accounts for 1943-44 - Recorded with remarks.

PUBLIC WORKS DEPARTMENT

G.O. Ms. No. 609, dated the 7th March, 1945.
Read the following paper:--

From Messrs. Sastri & Shah, Registered Accountants, No.nil, dated the 23rd October, 1944.
From the Chief Electrical Inspector to Government, No.5994 D/44-6, dated the 16th February, 1945.

O R D E R:--

Recorded.

2. No.III. Capital Accounts.

(a) The capitalisation of Rs.2,150/- representing the salaries of Engineers and Managing Agents' allowance referred to in paragraph 4 of the audit report is in order with reference to paragraph 6 of G.O. No. 1383, Public Works, dated 4th June, 1941.

(b) From paragraph 9 of the audit report it is observed that a further sum of Rs.3,360/- representing the interest on debentures has also been capitalised during the year under review. The auditors have reported that the debentures were raised for the purpose of paying off the amount due to Messrs. Siemens (India) Ltd., towards the purchase of the original sets. They, therefore, consider the erection of the sets as "original works".

The expression "original works" connotes a self-contained scheme which includes all compulsory works as defined in clause 8 of licence and executed upto the date of commencement of operation namely October, 1939. The mere erection of generating sets cannot be considered as an original works. This item of work should be taken as a major extension and capitalisation of interest upto October 1939 only i.e., date of commencement of operation, is permissible as per the last sub-paragraph of paragraph 5 of G.O. No.1383, Public Works, dated 4th June, 1941. The licensee's action in having capitalised Rs.3,360/- in 1943-44 accounts is therefore not in order. The amount should be withdrawn from capital account and charged to the revenues.

(c) It is observed from para 6 of the audit report that a sum of Rs.1,500/- representing expenses for developing the load has been debited to Capital under the head "Engineering and Development expenses. As the expenses have been incurred after the commencement of operation of the undertaking, the amount should have been charged to Revenue. The Licensee is instructed to ~~mix~~ write off this amount in the accounts for 1944-45 in accordance with para 7 of G.O. No. 1383, P.W.D., dated 4-6-1941.

3. No.IV. Revenue Account.

(a) The Licensee has reported that the figures Rs.2,501-6-3 and Rs.468/- exhibited on the Debtor side under "E. Management" against the items "General establishment charges" and "Proportionate salaries of engineers, superintendents and officers" respectively are typographical errors for Rs.2,701-6-3 and Rs.268/-. The Licensee is requested to carry out the corrections in the audited copy of the accounts kept in his office.

P.T.O.

(b) The item "rebate on bills to consumers Rs.537-4-9" exhibited on the Debtor side under "2. Special charges" is correctly accountable on the credit side as an abatement of revenue. The Licensee is instructed to note this for future guidance.

4. No.VIII, General Balance Sheet.

The sum of Rs.23,506-3-3 exhibited against the item "Sundry creditors on open accounts" on the liabilities side is reported to include a sum of Rs.7,434-13-8 representing consumers' deposits. The Licensee is advised to exhibit the consumers' deposits separately in future.

5. Action taken on paragraph 4 of G.O. No. 914, Public Works, dated the 29th March, 1954.

The Licensee has reported that he is investing a sum of Rs.2,000/- in 3% Victory Loan, 1957. The Licensee be advised to earmark the proposed investment towards 10% of the depreciation fund and 25% of the consumers' security deposits and to exhibit the same in the General Balance Sheet on the Assets side as follows:-

Investments at cost price.	Rs.	A.	P.
(a) Towards 10% of the Depreciation Fund (earmarked)	x	x	x
(b) " 25% " consumers' security deposits (earmarked)	x	x	x

6. Paragraph 5 of G.O. No. 914, Public Works, dated the 29th March, 1954.

Depreciation has once again been provided out of the net revenues instead of from revenue. This cannot be accepted. The Licensee is requested to make provision for depreciation out of gross revenues in the revenue account itself in accordance with the revised rates of Income-tax Act and to exhibit the same under "G - Depreciation".

7. A fee of Rs.100/- is sanctioned for payment to the auditors for work done on behalf of the Government. The licensee is requested to pay the amount to the auditors as early as possible.

(By Order of His Excellency the Governor),

K. Ramunni Menon,
Secretary to Government.

To the Udipi Electric Supply Co., Ltd., 99 A, Armenian Street, Madras.
* Messrs. Sastri & Shah, Registered Accountants, Oriental Buildings, Armenian Street, Madras.
* the Chief Electrical Inspector to Government. (2 copies).

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cdv/8-3. Superintende...